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Better-Management Newsletter 1 October 2015

ZIRP like QE causes mal-investment and bubbles / Share movements in the September quarter / Oil, cheap for a while longer? / Putin side-lines the West

ZIRP like QE causes mal-investment and bubbles

This article describes the existential concerns that many businesses in emerging economies have.

<http://www.bdlive.co.za/world/2015/09/30/debt-omens-for-emerging-nation-firms>

Typically, when push comes to shove the currency of debt floats higher than the local currency and that for emerging economies usually means their currency falls 20-100% by comparison, making a loan and interest on it much more difficult to repay.

Share movements in the September quarter

What? Global share prices only lost USD11 trillion in the quarter ended yesterday...from Seeking Alpha who think there is an upside?

“Global equities were higher at the time of writing and were set to end what's been a brutal three months on a positive note. Many major markets have suffered their worst quarter for a number of years amid fears about China's economy and the endless speculation about when the Fed will finally raise interest rates, and almost \$11T has been wiped off the value of global shares. Emerging-market currencies have been hit particularly hard.”

From BBC on the last day... FTSE +2.58%, Dow Jones +1.47%, Nasdaq +2.28%, Nikkei +2.7%.

At least, unlike me, they can find something positive to say. But what does Oktoberfest hold for us this year...

http://seekingalpha.com/article/3541156-investor-sentiment-falls-off-a-cliff?source=email_macro_view_mar_out_2_5&ifp=0

I hope you watched Carl Icahn's video that I sent out yesterday...Casey comments on that...

<http://www.caseyresearch.com/articles/the-american-public-will-get-screwed-again-just-like-in-2008>

Oil, cheap for a while longer?

An issue for oil companies is that once wells are producing, it is hard to find justification to spend money to shut in production. So when demand falls, the industry pipeline very quickly

fills up available storage and drops oil prices. Even when companies go bust, someone will continue to produce the oil from their wells. So I agree with the following article...

http://seekingalpha.com/article/3539736-the-irrationality-of-oil-markets?source=email_macro_view_com_1_12&ifp=0

So low prices could be with us for some time yet.

Gail paints a worse picture...I just wonder what is going to hit in Oktoberfest?...Is Gail likely right- after all she usually is?

<http://ourfiniteworld.com/2015/09/29/low-oil-prices-why-worry/>

For those who are interested...this podcast will give Kurt Cobb's views on what is happening with oil v. Growth. Ghung's comment at the foot of the article gives the reason why Elon Musk wants to take us to Mars.

<http://peakoil.com/consumption/peak-oil-will-cause-transition-into-a-slow-growth-economy>

Naturally, there is a slight possibility the negative folk like me could be wrong. After all there are plans to drill for light, tight oil in places like the UK and China. But even in Australia that does not look too good a prospect and I doubt that from the beginning of 2016 world shale oil will increase. But hey, that is just my opinion.

Putin side-lines the West

Russia gets started in Syria...

<http://www.bbc.com/news/world-middle-east-34399164>

The UK and USA are not happy, but decisive action by Putin has sidelined them.

Step by step the global power projected by the UK weakens. So much so, that I doubt they could mount a second defence of the Islas Malvinas. There may still be some who remember Britain's last foray into the South Atlantic ...in 1982 when Maggie Thatcher decided to defend the frozen isles. Today I see the obituary of one of the soldiers who went ashore to capture Goose Green etc...

<http://www.telegraph.co.uk/news/obituaries/11902113/Major-General-John-Chester-obituary.html>

It was a stupid campaign with all its eggs in one basket as the "Canberra" held the attack force on board. One Exocet into the "Canberra" would have made it game over – as it was for ships like "Sir Galahad" and the "Sheffield".

The campaign was commanded by Rear Admiral Sandy Woodward, Brigadier Julian Thompson, and a (much later) friend from the South Croydon Jubilee Rotary Club, Air Vice Marshall of the RAF – Clive Evans, who did the planning for the Falklands Campaign. The British are regularly beefing up defences in the Falklands as Argentina again restarts sabre-

rattling. But why bother? There is a sniff of oil offshore, but apart from that it has just a few sheep, crofters and fisher folk.